



**Office of the Attorney General  
Paul G. Summers**

**Department of Commerce and Insurance  
Commissioner Paula Flowers**

**NEWS RELEASE**

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**DON'T BE FOOLED BY ADVANCE FEE LOAN SCAMS**

Many reputable financial institutions advertise "pre-qualified" loan offers, but beware of those lenders who "guarantee" you will get a loan. Attorney General Paul G. Summers urges people with bad credit, no credit or a bankruptcy to be especially careful of advance-fee loan scams.

"A pre-qualified offer typically means that you have been selected to apply for credit," Attorney General Summers said. "But, you must still go through the loan application process, and you could be turned down. Generally, legitimate financial institutions will not guarantee you will get a loan."

Often, advertisements which promise loans appear in the classified section of newspapers, on radio, television stations, or on the Internet. Such ads feature toll-free "800" numbers or "900" numbers which may result in charges to your phone bill.

Recently, Canadian scam artists have misused the identities of legitimate American lenders to defraud consumers out of their money. An example occurred when an unidentified group ran newspaper advertisements throughout the United States offering loans from "B.F. Inc." Here's how the scam works: The ads ask consumers to call a toll-free number for loan information. Consumers

who call the toll-free number speak with individuals representing that they are with Blackwood Financial of Falmouth, Maine, a now defunct consumer credit firm. Consumers are told that allegedly refundable advance fees of \$800-\$900 paid via Western Union are required for “insurance” on prospective loans. After receiving the advance fee, no one from "B.F." issues any loan, refunds any advance fee, or speaks with the consumer again. This ploy is just one of many in which scam artists use the name of a reputable company to take advantage of consumers.

General Summers offers the following tips when seeking a loan:

- \*Always shop around for the best loan rates and fees. Get all the costs and details before making a decision.
- \*Ask questions. If you do not understand the loan terms, talk to someone you trust.
- \*Ignore high-pressure sales tactics.
- \*Don't trust ads promising "No Credit? No Problem." Legitimate lenders generally don't "guarantee" a loan or credit card before you apply.
- \*Know that your credit history is one of the main factors that a legitimate lender uses to determine whether you are a credit risk.
- \*If you apply for a real estate loan, lenders may request payment for your credit report. However, be very suspicious if a lender asks you for a processing fee or other up front fee.
- \*Never give your credit card account, bank account, or Social Security Number over the telephone or the Internet unless you are familiar with the company and know why the information is necessary.
- \*Get proof of the telemarketer's promise by asking him to mail or e-mail you a written agreement of the terms of the loan before signing anything.
- \*Never sign a blank document or anything the lender promises to fill in later.
- \*If you don't have the offer in hand or confirmed in writing and you are asked to pay up front for a guaranteed loan or credit card, don't do it.
- \*Have someone you trust review the application and related papers before you submit them to the proposed lender.

If you think you have been a victim of an advance-fee loan scam, please contact the Division of Consumer Affairs by telephone at (615) 741-4737 or toll-free 1(800) 342-8385 or online at [www.state.tn.us/consumer](http://www.state.tn.us/consumer) to file a complaint against the company.